

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:

Circuit City Stores, Inc., et al.,
Debtors.

Case No. 08-35653-KRH
Chapter 11

**CONSUMER PRIVACY OMBUDSMAN
FIRST INTERIM APPLICATION FOR COMPENSATION**

Compensation is requested in the total amount of \$55,275.77 for the professional services performed by the Consumer Privacy Ombudsman (CPO) and actual expenses incurred during the period of April 10, 2009 through June 10, 2009. In support of this application, the CPO states as follows:

1. Circuit City was a leading retailer of consumer electronics, home office products, entertainment software, and related services.
2. On November 10, 2008, Circuit City Stores West Coast, Inc., and Circuit City Stores, Inc. (the “Sellers” and, collectively with the debtors and debtors in possession in the above-captioned jointly administered cases, the “Debtors”), filed with the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division (the “Court”), voluntary petitions for relief under Chapter 11 of Title 11 of the United State Code, 11 U.S.C. §§ 101 *et. seq.* (“the Bankruptcy Code”) commencing the above-captioned cases.
3. On April 10, 2009, the United States Trustee appointed Lucy L. Thomson as the Consumer Privacy Ombudsman.
4. On April 16, 2009, the Court entered an order (I) approving procedures in connection with the sale of intellectual property, Internet-related property and customer information, (II) authorizing sellers to enter into a stalking horse agreement, (III) approving certain bid

protections, (IV) approving the form and manner of sale notice, and (V) setting auction and sale hearing dates.

5. On May 11, 2009, an Auction was conducted for the sale of the Intellectual Property and Internet Assets of Circuit City. Systemax LLC and its designee for the formation of the Circuit City Holding Company (together “the Buyer”) were determined to be the Buyer of the Assets.
6. On May 11, 2009, pursuant to Bankruptcy Code § 332(b), the CPO submitted her Interim Report to the Court and on May 13, 2009 her Final Report with recommendations to the Court to protect the privacy of the Circuit City personally identifiable consumer records in connection with their sale to Systemax LLC.
7. On May 13, 2009 the CPO participated in the hearing on the Motion for Sale of Intellectual Property and Internet Assets of Circuit City. Subsequently, the Court authorized the sale of the consumer records and entered the Final Sale Order which sets forth the privacy protections agreed to by the Debtor and Systemax with respect to Debtor’s customer records.
8. The CPO seeks an allowance for the sum of \$55,000.00 as compensation and \$275.77 for reimbursement of actual and necessary expenses for a total of \$55,775.77 for the period April 10, 2009 through and including June 10, 2009 (the “Compensation Period”).
9. A summary of the professional services provided by the CPO to the Court and the parties, and a list of actual and necessary expenses incurred are provided in the itemized chronological list attached hereto as Exhibit A.
10. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, the CPO submits that the amount requested is fair and reasonable given (a) the complexity of this case,

(b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the costs of comparable services other than in a case under this title.

WHEREFORE, the CPO respectfully requests that the Court enter an order authorizing the Debtor to pay the professional fees and expenses requested in the amount of \$55,275.77.

Respectfully Submitted,

/s/ Lucy L. Thomson
Lucy L. Thomson
Consumer Privacy Ombudsman

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September 14, 2009

Respectfully submitted by:

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Counsel for Debtors and Debtors
in Possession

EXHIBIT A

The professional services provided by Lucy L. Thomson, Consumer Privacy Ombudsman (CPO), are described in the itemized chronological list below.

Date	Minutes	Task	Rate/Time	Amount
4/10/09	60	Telephone calls with Robert Van Arsdale, Asst. U.S. Trustee, re CPO appointment. Conducted conflicts check. Drafted and submitted Acceptance of Appointment and Verified Statement. Appointed CPO by U.S. Trustee.	\$550 1.00	\$550
4/11/09	60	Reviewed and analyzed the information on the Circuit City website http://investor.circuitcity.com/announcement.com	\$550 1.00	\$550
4/20/09	120	Reviewed the Order (I) approving procedures in connection with the sale of intellectual property, Internet-related property and customer information, (II) authorizing sellers to enter into a stalking horse agreement, (III) approving certain bid protections, (IV) approving the form and manner of sale notice, and (V) setting auction and sale hearing dates.	\$550 2.00	\$1,100
4/21/09	60	Reviewed the Asset Purchase Agreement dated April 5, 2009 between Systemax, as Buyer and Circuit City, as sellers.	\$550 1.00	\$550
4/22/09	45	Telephone call with Ian Fredericks, Debtor's Counsel, CEO Jim Marcus, and Circuit City representative Danny Ramsey regarding personal information to be sold, Privacy Policy, and the Circuit City and Alpine Data. Requested copies of the website Terms of Use and Security Policies, and a list of types of data included in the Circuit City and Alpine Data.	\$550 .75	\$412.50
4/23/09	60	Reviewed and analyzed the Circuit City Privacy Policy and Security Statement.	\$550 1.00	\$550
4/23/09	60	Began drafting the CPO Report to the Court.	\$550 1.00	\$550
4/24/09	15	Telephone calls with Robert Van Arsdale re teleconference request from NAAG; telephone call with Karen Cordry, NAAG.	\$550 1.00	\$550
4/24/09	60	Began researching FTC and bankruptcy cases regarding sale of consumer records, transfer of credit information; Toysmart and Tower Records.	\$550 1.00	\$050
4/24/09	60	Reviewed portions of the Systemax website; identified Privacy Policies of CompUSA and	\$550 1.00	\$550

		related companies.		
4/26/09	120	Drafted sections of the Report to the Court.	\$550 2.00	\$1,100
4/27/09	15	Telephone call with Robert Van Arsdale regarding proposed NAAG teleconference.	\$550 .25	\$137.50
4/27/09	120	Researched Bankruptcy Code CPO provisions and drafted sections of the Report to the Court.	\$550 2.00	\$1,100
4/28/09	45	Researched and analyzed Circuit City SEC10-K and 10-Q filings.	\$550 .75	\$412.50
4/28/09	30	Reviewed Toysmart Objections and Orders provided by Karen Cordry. Conducted legal research on Toysmart and related cases.	\$550 .50	\$275
4/29/09	15	Telephone call with Robert Van Arsdale re NAAG teleconference.	\$550 .25	\$137.50
4/29/09	30	Preparation for T/C with stalking horse bidder, reviewed Systemax website and Privacy Policy.	\$550 .50	\$275
4/29/09	15	Telephone call with Ian Fredericks re Alpine Data and proposed data testing by Epsilon; proposed an agreement about how data will be handled and protected.	\$550 .25	\$137.50
4/29/09	30	Analyzed information from the stalking horse bidder.	\$550 .50	\$275
4/29/09	30	Telephone calls with Robert Van Arsdale.	\$550 .50	\$275
4/29/09	15	Telephone call with Elise Frejka and Kevin Moss, Counsel for the Buyer, requested call with Systemax officials about data to be purchased.	\$550 .25	\$137.50
4/30/09	30	Preparation for and telephone call with Counsel for stalking horse bidder concerning PII to be purchased and how it will be stored and secured for the online Circuit City business.	\$550 .50	\$275
4/30/09	60	Reviewed and responded to 30 e-mails from NAAG and State AGs.	\$550 1.00	\$550
5/01/09	90	Teleconference with representatives of the Debtor, Buyer, credit committee, U.S. Trustee, NAAG, and 35 state AGs. Defined issues to be researched and addressed. Followup call scheduled for Wednesday 5/6/09.	\$550 1.50	\$825
5/01/09	15	Telephone call with Debtor's Counsel. Reviewed Order Approving Procedures Authorizing Destruction of Obsolete Business Records.	\$550 .25	\$137.50
5/01/09	30	As discussed in the teleconference, began legal research on state consumer protection and data breach laws.	\$550 .50	\$275
5/01/09	60	Reviewed requested information from Debtors about the Circuit City and Alpine data.	\$550 1.00	\$550

5/2/09	30	Summarized state laws for the CPO Report to the Court.	\$550 .50	\$275
5/2/09	60	Analyzed legal issues re privacy, consent and notice.	\$550 1.00	\$550
5/4/09	30	Reviewed more e-mails from State AGs.	\$550 .50	\$275
5/4/09	60	Reviewed information from Debtor about PII: PPT on Circuit City Customer Databases 5/1/09, and four excel spreadsheets. Drafted followup questions and submitted them to Circuit City Counsel.	\$550 1.00	\$550
5/4/09	15	Drafted e-mail to Buyers re requested privacy protections.	\$550 .25	\$137.50
5/4/09	15	Telephone call with Ian Fredericks to review status of outstanding issues.	\$550 .25	\$137.50
5/5/09	60	Prepared draft Stipulation and Order.	\$550 1.00	\$550
5/5/09	60	Teleconference with Counsel for Debtors and Buyer to discuss proposed Stipulation and Order.	\$550 1.00	\$550
5/5/09	120	Revised proposed Stipulation and Order for inclusion in the final Sale Order.	\$550 2.00	\$1,100
5/6/09	90	Telephone with Karen Cordry, NAAG and Counsel for Debtors and Buyer.	\$550 1.50	\$825
5/6/09	30	Analyzed proposed approaches for customer Notice and Opt Out.	\$550 .50	\$275
5/6/09	15	Telephone call with Robert Van Arsdale re proposed Stipulation and Order.	\$550 .25	\$137.50
5/6/09	90	Teleconference with State AGs.	\$550 1.50	\$825
5/6/09	240	Revised CPO Report to the Court based on discussions in the State AGs in teleconference.	\$550 4.00	\$2,200
5/7/09	30	Telephone call with Debtor's Counsel.	\$550 .50	\$275
5/7/09	30	Telephone calls with FTC attorneys re consumer protection cases.	\$550 .50	\$275
5/7/09	300	Conducted legal research on federal and state unfair and deceptive practices laws.	\$550 5.00	\$2,750
5/7/09	30	Reviewed CC responses to questions about data to be sold and prepared additional questions.	\$550 .50	\$275
5/7/09	45	Telephone call with Ian Fredericks, Elise Frejka and Systemax officials.	\$550 .75	\$412.50
5/7/09	30	Conducted legal research on fair information principles.	\$550 .50	\$275

5/7/09	330	Drafted sections of the CPO Report to the Court.	\$550 5.50	\$2,975
5/8/09	120	Drafted proposed Supervised Opt Out Process; circulated for review; received changes.	\$550 2.00	\$1,100
5/8/09	300	Drafted legal section of CPO Interim Report to the Court.	\$550 5.00	\$2,750
5/8/09	30	Telephone call with Karen Cordry regarding proposed Opt Out Process.	\$550 .50	\$275
5/8/09	540	Conducted legal research and revised CPO Interim Report to the Court.	\$550 9.00	\$4,950
5/9/09	60	Drafted legal analysis of Opt In and Opt Out Requirements.	\$550 1.00	\$550
5/9/09	30	Revised proposed Supervised Opt Out Process and sent to Karen Cordry and Counsel for all parties.	\$550 .50	\$275
5/9/09	300	Updated the CPO Interim Report to the Court.	\$550 5.00	\$2,500
5/10/09	300	Revised CPO Interim Report to the Court; sent it to Debtors Counsel for review.	\$550 5.00	\$2,750
5/11/09	150	Received corrections from Debtors, incorporated them into the CPO Interim Report to the Court; finalized the Report and submitted it for filing.	\$550 2.50	\$1,375
5/11/09	30	Teleconference during the Auction with Debtors Counsel and four prospective bidders.	\$550 .50	\$275
5/11/09	30	Telephone call with representative of prospective bidder PC Mall.	\$550 .50	\$275
5/11/09	15	Drafted and reviewed e-mails with Karen Cordry re position of the State AGs on proposed Supervised Opt Out Process.	\$550 .25	\$137.50
5/11/09	60	Researched company information and Privacy Policies of the three new prospective bidders.	\$550 1.00	\$550
5/12/09	90	Received results of the Auction, finalized Privacy Protections for the final Sale Order.	\$550 1.50	\$825
5/12/09	45	Telephone call with Counsel for Debtors, Buyer and Karen Cordry, NAAG.	\$550 .75	\$412.50
5/12/09	120	Revised CPO Report to the Court based on conference call	\$550 2.00	\$1,100
5/13/09	60	Reviewed proposed final Sale Order and submitted changes.	\$550 1.00	\$550
5/13/09	150	Incorporated information from the Buyer into the draft CPO Report to the Court and submitted it for filing.	\$550 2.50	\$1,375
5/13/09	60	Participated in the Hearing on the proposed sale of consumer records before the Honorable Kevin R. Huennekens, U.S. Bankruptcy Court for the Eastern District of VA, Richmond, VA	\$550 1.00	\$550

		Privacy Protections were incorporated in the final Sale Order.		
5/12/09 5/13/09	240	Travel from Alexandria, Virginia to Richmond, Virginia and return – May 12-13, 2009 [130 miles each way = 260 miles RT]. (50 percent hourly rate).	\$250 4.00	\$1,000
5/20/09	30	Received documents from Systemax for CPO review, telephone call with Buyer's Counsel re status and Opt Out notice schedule.	\$550 .50	\$275
5/21/09	240	Reviewed Privacy Policy (updated 5/20/09), new CC web pages, CC Relaunch Announcement, web notice and details of CC change of ownership, and e-mail to CC customers; CPO proposed changes pursuant to final Sale Order, reviewed revised documents, telephone call with Rich Wallett and Eric Lerner, CPO approved web pages and e-mail.	\$550 4.00	\$2,200
6/10/09	15	Reviewed Epsilon certification regarding the conduct of the consumer Opt Out and results and transfer of data to Systemax.	\$550 .25	\$137.50
Total		Professional Services	98 hours + 4 travel	\$55,000

1. **Actual and necessary expenses** include the following:

Date	Expenses	Amount
5/12/09	Courtyard Marriot Hotel, Richmond, VA	\$145.77
5/12/09 5/13/09	Travel from Alexandria, Virginia to Richmond, Virginia and return – 260 miles x .50/mile	\$130.00
	Total Actual Expenses	\$275.77